

# THE MONTHLY CEO ADVISORY™

revenue

A hand in a light blue shirt is drawing a red arrow on a whiteboard. The arrow starts as a horizontal line on the left and curves upwards to the right, ending in a sharp arrowhead. The background is a blurred office setting.

APRIL 2020

VOLUME 1, ISSUE 4

---

Dear Friends,

I am pleased to provide you with the fourth issue of ***The Monthly CEO Advisory*** for April, 2020.

In addition to my own article this month on the subject of this pandemic we are all dealing with right now, titled **"What Follows This Crisis?"**, several contributors have also provided some forward thinking and practical advice of "here's what you can do now" that you will find helpful.

These articles are written to provide current and continuing business education for clients, prospects and friends of my company.

Running a business is the most challenging task someone could ever take on, and as you know, it is all consuming. This means that you likely have little time to learn about all the topics you should.

To make it easier for you, each article is short (only one page) and includes the following categories:

- Employee Benefits
- HR Compliance
- Commercial Insurance
- Manufacturing Excellence
- Information Technology
- CFO Insights
- Commercial Real Estate
- Alternative Financing

Please feel free to pass along the CEO Advisory to others in your network who might benefit.

In the meantime, enjoy these terrific articles and thank you for allowing us to be part of your continued business education and success.

Sincerely,



Ken Keller  
CEO

## STRATEGIC ADVISORY BOARDS

28494 Westinghouse Pl. Suite 204

Valencia, CA 91355

My daily blog at <https://www.linkedin.com/in/kwkeller/>

Telephone/Text: 661.645.7086

# Business Growth Opportunities to Consider in 2020

---

Business Growth & Profits   Ken Keller .....	Page 1
Commercial Real Estate   Sheryl Mazirow .....	Page 2
Commercial Insurance   Paul Palkovic.....	Page 3
Human Resources Compliance   Barry Cohn .....	Page 4
Manufacturing Excellence   BJ Schramm.....	Page 5
Information Technology   Craig Pollack.....	Page 6
Company Benefits   Peter Ettinger.....	Page 7
CFO Insights   Chase Morrison.....	Page 8
Alternative Financing   Kristy Melton .....	Page 9
Sales Management   Paul Mitchell.....	Page 10
Hiring Assesments .....	Page 11
Stages of Growth XRay <sup>SM</sup> .....	Page 12
Profit Zone .....	Page 13

The Monthly CEO Advisory is a publication for business leaders. Please enjoy the articles, send us any suggestions of topics you would like to see covered and pass this on to others so that they might benefit. Thank you. Ken Keller

## STRATEGIC ADVISORY BOARDS

28494 Westinghouse Pl. Suite 204 | Valencia, CA 91355

My daily blog at <https://www.linkedin.com/in/kwkeller/>

Telephone/Text: 661.645.7086

# BUSINESS GROWTH & PROFITS

## WHAT FOLLOWS THIS CRISIS?

As I write this, the economy, local, regional, national and global, is in turmoil. Entire industries are being shuttered and reliable sources say we're in a recession.

No client of mine, nor I, would have ever imagined listing "pandemic" as a threat while doing a SWOT analysis at a strategic planning session.

This public health emergency should serve as a wake-up call for every business to have two plans.

Wikipedia says that a disaster recovery plan (DRP) is a documented process or set of procedures to execute an organization's disaster recovery processes and recover and protect a business IT infrastructure in the event of a disaster. It is "a comprehensive statement of consistent actions to be taken before, during and after a disaster."

Many companies are solely reliant on their information technology systems, making them vulnerable for hacking, phishing and ransom. Also, employees may, against policy and perhaps even illegally, download software to company servers making the system unstable. And don't think for a minute your firm is too small to be

held hostage by hackers; two of my clients have endured the nightmare in the last 18 months. Both firms had under 70 employees.

Most companies have a business continuity plan (BCP) in place and while it may not be completely current or include a public health emergency, the plans provide enough for people to execute to keep the business running.

If you don't have a written BCP, which can be invaluable when you think of all that could go wrong impacting your business, employees, supply chain and clients, it is past time to have someone create one. Reach out to your insurance broker as a starting point.

Let me share my thoughts on what every CEO should do once this emergency is in the rearview mirror.

Don't lie to yourself. The first step is self-honesty. Look in the mirror and address the fundamental questions for business survival: How did we do through this health emergency? Do I have the right people on my team? Did we do the right things; what did we do that worked? What should we have done differently? What didn't work and why? Did we react fast enough?

If you can't answer these questions honestly, but pretend that you do,

you're only sabotaging yourself and endangering the future of your company. It's a simple exercise: get out some paper and a pen and make your lists.

Second for your company to handle future events like this better, you, the CEO, must become a better leader. Personal growth paves the way to business growth. Competitive advantages emerge as a result of taking time to think.

Albert Einstein was credited with saying, "We can't solve problems by using the same kind of thinking we used when we created them."

This is one of those clichés that happens to be true. You need to set an example by continuing to learn so that you can become a better leader. You need to encourage the people around you to make learning a priority too.

If you want a better company, defined as an organization that delivers better outcomes, you have an obligation and responsibility to "grow" your employees, which means making them better.

The third step is simple. Measure what matters. What gets measured gets done, because what gets measured often improves. In a crisis, you figure out fast what really matters. You may or may not have been looking at all the vital signs necessary for your company to survive, and threats that surface often reveal what we didn't see previously. Get down on paper what matters most to your business success and start tracking it.

This health emergency should be a wake-up call for every CEO. Yes, you got through it okay, or maybe you didn't. Regardless there are lessons to be learned from the experience that only the person at the top can own.



### Ken Keller

I work with Business Owners, CEOs and Presidents leading companies with 20 or more employees, providing advice to increase revenue, decrease costs and improve profitability.

[Ken.Keller@StrategicAdvisoryBoards.com](mailto:Ken.Keller@StrategicAdvisoryBoards.com) or call 661.645.7086.

# COMMERCIAL REAL ESTATE

## RESEARCH + ADVICE = RESULT\$

One of the most effective ways Mazirow Commercial can demonstrate the amount of money we save our clients on their commercial leases is by sharing our success stories. One of our clients has been in the same building for more than 10 years. In reviewing their case, tenants can see just how much they can save by utilizing the no-cost services of a tenant advisor like Mazirow Commercial.

### WHAT DID WE ACHIEVE FOR THE TENANT?

With a fixed annual increase coupled with Operating Expense Cost, tenants are typically over the current market rate at the conclusion of a lease term.

For our client, Mazirow Commercial was able to renew the lease at a lower rent, achieve concessions of a abated rent period, free and discounted parking and have the landlord provide a complete renovation (Tenant Improvements) of the suite at the landlord's sole cost. Protection for the tenant on a myriad of issues that a Landlord would prefer are not addressed were achieved.

### WHAT ARE THE SAVINGS?

The tenant was able to save over \$45,000 year one of their lease renewal when compared to what they were previously paying in rent. Our team of commercial real estate

advisors were also able to extend the option right to renew the lease at the end of the newly secured lease term. This ensures that the tenant is always in control of their space and rent dollars.

Profitability is directly impacted by office space, which is why working with a tenant advisor is crucial. After all, even if you do not utilize the tenant advisory services, you still pay for them as a tenant, as they are built into the rental rate. If you are already paying for the advisory services, then why not take advantage of them?

### HOW DO WE REGULARLY ACHIEVE THESE RESULTS?

Though the amount of savings will vary from client to client, Mazirow Commercial is still able to achieve impressive results for tenants looking to negotiate their commercial leases or find new office spaces at affordable prices. How do we do it? We create a competitive negotiating platform to secure the most favorable lease terms the market will provide. Tenants are in a compromised position when renewing a lease at an existing location, and the landlord is well aware of this. In offering the competitive negotiating environment, Mazirow Commercial secures terms for our clients that are more beneficial than what an existing landlord will ever provide.



### Sheryl Mazirow, CCIM

Mazirow Commercial  
Tenant/Buyer Representation  
& Trusted Advisor  
For large corporations to individual entrepreneurs

[smazirow@tenantadvisory.com](mailto:smazirow@tenantadvisory.com)  
805-449-1945  
[www.tenantadvisory.com](http://www.tenantadvisory.com)

### DO YOU NEED A TRUSTED TENANT ADVISOR?

Often, we are told, "I have an option to renew and don't need a tenant advisor." Unfortunately, many tenants are misinformed, and this could not be further from the truth. The landlord's interpretation of the market will differ from what may be negotiated, and they will not share this information with a tenant. Mazirow Commercial is aware of this, which gives us the advantage in securing the best lease terms for your renewal.

Make sure you are not paying more than your fair share. 365 days a year, Mazirow Commercial negotiates leases to protect and save tenants rent dollars on many lease terms. The landlord is fully informed about the terms of the marketplace, are you?

[WWW.TENANTADVISORY.COM](http://WWW.TENANTADVISORY.COM)



# COMMERCIAL INSURANCE

## DO WE HAVE COVERAGE IF WE SHUT OUR BUSINESS DOWN?

From a Commercial Insurance perspective, it's very early in the Coronavirus situation here in the United States. Yet, the fluidity and severe impact of the situation has fueled a level of concern and confusion among businesses which has prompted them to contact their insurance brokers, looking for answers about how their current insurance policies will respond to various real and hypothetical claims scenarios.

Unfortunately, the current reality is that brokers have no definitive answers to these questions. It should also be noted that insurance carriers, not brokers, are the ultimate arbiters of whether coverage is applicable to any given claim. Yet, it is still possible for a broker to give their clients some insight about the intent of coverage, and the terms and conditions in their policies.

The concern that most businesses have raised relates to the loss of in-

come due to a business shutdown that is directly related to COVID-19. In the event of a shutdown, the reason for the business disruption would be a "virus". Therefore, the first step when it comes to coverage, is to decide how a given policy defines and responds to a "Virus". Having done that, it is possible to identify what the insurance carrier's likely "standard" response will be, and after doing a little research, it's possible to find ideas on what the "legal" counter response might be from an attorney or public adjuster seeking coverage for their client. This process should give the insured some idea of how their coverage might apply to a given situation.

The intent of Business Income coverage is to pay for the actual loss of business earnings, ongoing expenses and specific payroll for key employees, sustained after a suspension of operations. For coverage to be "triggered", the suspension must directly relate to a physical loss to tangible business property, and the damage to that property must be the direct result of a covered peril as de-

finied within the policy. The standard position taken by most insurance carriers for Loss of Income claims related to Coronavirus shutdowns (whether voluntary or mandated) will likely be that no direct physical loss to insured property has occurred, and there is no identifiable period of restoration. The policy wording may also cause the carrier to determine that a "virus" is not a covered peril, such as fire, a collapse or an explosion are. The legal counter argument to this might be that the presence of COVID-19 at the insured's premise constitutes damage to their property, and again depending on the policy language, that the contamination of property by a hazardous substance (a virus) is a covered peril.

If an insured believes their business has sustained a quantifiable loss of income, they should engage their broker to help them properly document their loss and file a claim. In any claims situation, instead of speculating, it's important for both the insured and broker to have the carrier formally accept or decline coverage in writing, with citations to specific policy wording to support their position. Then, armed with a formal understanding of their carrier's position, if they feel the carrier has wrongly denied coverage, they can seek outside support to settle the matter.



**Paul Palkovic,**  
**ARM, CPCU**

ISU Kulchin Ross Insurance Services  
(805) 358-8786  
[paul@kulchinross.com](mailto:paul@kulchinross.com)

# HUMAN RESOURCES COMPLIANCE

## ARE YOUR EMPLOYEES FAILING?

Ever hired someone who seems to have the right skills, attitude, and desire to succeed only to watch them flounder in their new position?

As challenging as this is, it's also frustrating for your employees.

There are three main reasons employees fail.

1. They're in the wrong position
2. They're in the wrong organization
3. You're not giving them what they need to succeed.

The good news is that these things are within your control.

When you have a well-designed hiring process, you're much more likely to find the right people for the right positions.



### Barry Cohn, CEO

JorgensenHR

I work with Top Executives of companies with 20-2000 employees, providing HR solutions in compliance, Affirmative Action Plans, technology, policies & procedures, handbooks, workplace investigations and harassment hotlines.

[barry@jorgensenhr.com](mailto:barry@jorgensenhr.com)

661.600.2070

[www.jorgensenhr.com](http://www.jorgensenhr.com)

Take the time to develop:

- Clearly defined roles and tasks
- Updated job descriptions
- Ideal candidate profiles
- The right people to interview and hire
- Align your processes with your organizational purpose
- Have a great onboarding program

Employers that discover an employee who is stuck in the wrong position and unable to live up to his or her full potential must make adjustments through cross training, adjusting job functions, or considering that person for other positions.

Maybe you've got some staff members who don't buy into your mission. Perhaps they're just punching the clock, or even worse— sabotaging your efforts and spreading ill will.

Clearly these people hopped on the wrong bus. Luckily, you're in the driver's seat. Now it's your job to help them off the bus.

A few tips to make this process go smoothly:

- Document what's not working
- Meet and discuss current performance and future expectations
- Document the meeting and calendar the next meeting
- Set that person free

Unhappy employees want to leave their jobs, they're just too scared to do it.

Letting these individuals go sets you on the path to building a more consistent and positive company culture.

If you consistently find yourself with underperforming teams or employees, the problem could be you. Even the very best employees can't succeed if they don't have the proper tools to make it happen.

Here's what you need to be providing:

**Clear direction** – If your employees aren't clear about what they need to do, how can they possibly perform to standard?

**Constant communication** - Communicate clearly and openly before and throughout a project to make sure everyone is on the same page. Once the project is complete, talk about what worked and what didn't. Answer questions and make notes about ideas for next time.

**Strong leadership** – If you're responsible for managing a project and it goes awry, you need to take responsibility and find out why.

- If you micromanage and impart fear, and distrust, the only thing you will succeed at is keeping your employees from reaching their full potential, effectively squashing all creativity, innovation, and project ownership.
- When you manage like a magician, appearing out of nowhere to assign projects and leaving important details hidden in your bag of tricks, you will see your results disappear in a puff of smoke— along with the respect of your team.
- When you create a supportive atmosphere of communication, trust, and confidence, people will naturally succeed.

**A culture of teamwork** – If your organization operates in individual silos, you're setting everyone up for failure. Teams need to talk together, work together, succeed together, and celebrate together.

It's time to look at your organization and improve the experience for your employees and the resulting increased productivity and profitability.

# MANUFACTURING EXCELLENCE

## IN THESE CHALLENGING TIMES

In these challenging times, as business leaders and managers, we are being forced to make significant choices. While striving to manage the impacts of the COVID-19 pandemic, there are tasks and concerns we simply do not have time to address. COVID-19 is forcing us to focus on the essential tasks of the day, while delaying, deferring or discontinuing others.

When this crisis begins to subside as it surely will, will that not be a time to reflect on those tasks we considered non-essential? Should we anticipate re-evaluating the tasks we are personally completing, those tasks which should be delegated, and those tasks which are no longer relevant to the core mission of our business?

If we reflect on the 8 wastes of Lean Manufacturing, could we find ourselves complicit in contributing to waste in our organizations? Is there an over-production of data and reports which are not contributing to the core mission of our business? Are we inadvertently generating excess motion and effort through questions and directives with unintended consequences? Are there duplicative or non-value added processes which have taken

on a life of their own, but whose value rests in the past, not in the future?

Perhaps most importantly, are we under-utilizing our staff's talents, skills, creativity, and knowledge? Are we personally continuing to perform tasks whose time for delegation is long overdue?

As manufacturers, we often have a technical background or core competency which creates a range of tasks which fit into our comfort zone. We may believe that others cannot do these tasks as well or efficiently as we can. Even when we realize it is time to transition out of those tasks, the effort and risk involved in delegation may hold us back.

Another challenge can be the simple lack of self-awareness. Sometimes our staff sees behaviors which we simply do not see. Have we asked our key staff to propose a re-alignment of roles and responsibilities? Are there tasks I currently manage which they feel completely capable of managing, but have been reluctant to identify simply because they have not been asked?

Have we moved decision making, responsibility and appropriate authorities to the lowest possible levels within

our organizations?

Starting at the shop floor level, we expect our operators and inspectors to take responsibility for daily production and quality targets. Have you delegated the responsibility, control, tools and authority they need to deliver on those expectations?

Do our managers have monthly and annual goals they are aspiring to achieve? Have we mentored them to the extent that we can, and do we trust them to deliver on those goals? Are we maintaining a positive, open and transparent communication culture such that problems are elevated and openly discussed?

So finally, we come to senior staff and ourselves. Are we focused on the future of the company? Do you have the time to focus on this year's progress, but more importantly, preparing the company's future for years 2, 3 and beyond?

Each team member needs to be developed, mentored and guided to take on the essential tasks in his area of responsibility. But we must also be willing to let go of those tasks which hold us back from our core responsibility of working on the business more than working in the business. This releases our own creativity and energy to follow the dream that inspires us to grow and develop successful businesses.

In these challenging times, let's re-consider those non-essential tasks. Let's focus on the core mission of our business, prioritizing those tasks which will enable us to overcome adversity and achieve future success.



**BJ SCHRAMM**

818.441.8814

[BJ.Schramm@StrategicAdvisoryBoards.com](mailto:BJ.Schramm@StrategicAdvisoryBoards.com)



# INFORMATION TECHNOLOGY

## MAINTAINING A WORK LIFE BALANCE IN A REMOTE WORLD

Google, Microsoft, and Apple are companies who've rolled out mandatory work-from-home policies amid the spread of Coronavirus (COVID-19). And with the recent stay-at-home orders, businesses shifting to the "home office" will become the new normal. However, working from home (WFH) isn't without issues. Beyond the technical delivery and cybersecurity, you should consider the mental and emotional strain this new way of working will put on your staff.

Here are a few pointers to help your team lead a well-balanced work-life approach when working remotely from home:

### 1. INCREASE COMMUNICATIONS

The key to working from home is clear communications with your staff and often – make sure everyone knows what's expected. Most people are used to being in close proximity with their teammates where communication is easy and effortless. But that's gone with remote work. Now is the time to leverage tools like Microsoft Teams or Zoom.

### 2. TREAT IT LIKE A REAL JOB

Just because your staff can lounge around in their pajamas doesn't mean they should. Help them see the value in treating their "work" days no different from coming into the office. The more routines they can keep, the less the lines will blur between "work" and

"life". Encourage them to get ready in the morning just like they usually would – take a shower, get dressed. Treat it like a real job. Create boundaries within their home for other family members so that their family members understand: "When the door is closed, pretend I'm not here."

### 3. BOOKEND YOUR DAY

The most-cited WFH complaint is the inability to unplug after work. Commuting or even entering and leaving a physical office provides clear boundaries to the workday. "Psychological segues" can help put your team in the right mindset: like a 20-minute coffee in the morning and exercise right after work to open and close the day.

### 4. STAY AHEAD OF LONELINESS

Even for those accustomed to it, working from home can feel unstructured and isolating. Prolonged isolation could potentially impact morale and productivity. When you do communicate with your team at home, it helps if as much of it as possible can be "richer" communication that's (virtual) face-to-face – again leveraging IM and video tools as much as possible. Out of sight shouldn't mean out of mind.

### 5. KEEP SPIRITS UP

Make no mistake, these are stressful times. Negative headlines,



## Craig Pollack

### FOUNDER & CEO

FPA Technology Services, Inc. –  
"IT The Way It's Supposed To Be!"  
FPA provides fixed fee, worry free IT services focused on professional services firms such as RIAs, CPAs, Business Managers, Legal, Insurance, as well as Manufacturers & Distributors and Non-Profits.

[craig.pollack@fpainc.com](mailto:craig.pollack@fpainc.com) or call  
818-501-3390  
[www.fpainc.com](http://www.fpainc.com)

worrying about sick or elderly loved ones and fighting the urge to go panic toilet paper shopping all impact our focus on work. The more effort you put into communicating with colleagues, the better. It's also crucial to keep up morale. With coronavirus, it's not clear how long people will be at home – which poses additional problems. Teams need to work at sustaining a semblance of normalcy and camaraderie in unconventional ways – like virtual pizza parties or remote happy hours.

Clearly, we're now in a "new normal." And while this is certainly different, it doesn't necessarily have to be a negative. Make sure that while you've addressed the technology to make remote working possible, you're also addressing the human touch as well. This is now more important than ever.

# COMPANY BENEFITS

## WHAT YOU SHOULD KNOW ABOUT SUMMARY PLAN DESCRIPTIONS

ERISA requires employers that sponsor a group health plan to provide a summary plan description (SPD) to participants. All employers must comply with ERISA's SPD requirement. Most employers think that the carrier documents are an SPD, but an SPD is a separate document that includes plan information.

The SPD summarizes the plan's benefits, and the participant's rights and protections intended to be understood by the average reader. Although other materials explain the plan, including plan document and insurance company benefits summaries, the SPD is the primary plan communication to the participant.

The U.S. Department of Labor (DOL), the agency responsible for enforcing ERISA's SPD requirement, provides regulatory guidance outlining the type of information that must be included in the SPD. Examples include:

- Plan identifying information:
  - ✧ Plan name, plan number, plan year end date.
  - ✧ Plan sponsor and employer identification number (EIN).
  - ✧ Plan administrator and type of administration.
- Eligibility rules.
- Circumstances that can cause loss or denial of benefits.
- Summary of benefits.
- Sources of contributions or plan funding.
- Claim procedures.
- Procedures for amending or terminating the plan.
- ERISA rights statement.

Additionally, group health plans must provide information on:

- COBRA continuation coverage
- Qualified Medical Child Support Orders
- Provider networks
- Newborns' and Mothers' Health Protection Act (or similar state law).
- Specific provisions under the Affordable Care Act.

A common misconception is that insurance company materials, such as evidence of coverage booklets or certificates, are SPDs.

Many employers rely on a wrap SPD to meet the ERISA requirement. A wrap SPD incorporates the carrier benefits information and sets forth all remaining ERISA-required information.

The SPD must be provided to participants:

- Within 90 days of becoming covered by the plan; and
- Within 30 days of making a written request for the SPD.

Additionally, if the terms of the plan are modified or there is a change in any of the SPD information, the employer must provide an updated SPD.

The SPD must be distributed in a manner that reasonably ensures actual receipt by the participant. This may include hand delivery to employees at work or via U.S. mail to the work or home address. It is not sufficient to merely post the SPD online or leave a stack of SPDs in a common area.

SPDs may be delivered electronically, such as by email with return receipt, if various criteria are met. The employer must notify the participant of the significance

of the SPD and that a paper copy is available upon request at no charge. Even when electronic delivery is allowed, paper SPDs must be distributed to other participants, such as COBRA beneficiaries.

If an employer fails to provide an SPD penalties can expose an employer to significant penalties including:

- Failure to provide DOL documents \$156 per day up to a \$1,566 per request
- Annual Form 5500 up to \$2,194 per day
- Summary of Benefits & Coverage \$1,156 per employee
- Failure to provide former participants and beneficiaries information up to \$30 per day per individual

Criminal penalties may also be imposed for willfully violating an ERISA requirement.

The DOL conducts random audits of employee benefits plans by requesting copies of 20 different items uploaded to their website within 14 days for a desk audit. Failure to do so results in a full audit at the company.

Employers are encouraged to work with experienced benefits advisors or legal counsel to ensure compliance with the specific features of the employer's benefits plans.



**Peter  
Ettinger**

[peter@rgeb4u.com](mailto:peter@rgeb4u.com)

818.444.7722

[www.rgeb4u.com](http://www.rgeb4u.com)

# CFO *Insights*

## SIX EYE-OPENING QUESTIONS TO ASK YOUR CONTROLLER

Whether you have a financial controller or not, someone in your company has the role of top dog accounting person. As consultants, we seek out that top dog accountant to gain insight into the state of the state when engaging new clients. These six questions and the issues that surface have proven to be prescient when identifying how and where to focus our efforts. The six questions are:

### **#1 Can I review your accounting close task list?**

There should be a list of monthly close entries and quarterly accounting reviews for balance sheet accounts and other reconciliations. Having a task list

illustrates an understanding of the interdependencies that exist in the close process, exhibiting a good level of discipline. Not having a list is a concern, because it reduces trust in both the accuracy and timeliness of financials.

### **#2 What are your top three concerns and/or frustrations?**

CEOs and business owners, from time to time, should consult with their controllers about the concerns and frustrations affecting the accounting function. Controllers experience the end result of nearly every business process; consequently, they have a unique perspective on what processes are working well and more importantly, not working well. Do not ignore this valuable feedback.

### **#3 Where are we least efficiently using resources?**

This allows the controller to articulate where they see others within the organization using scarce resources less effectively. Perhaps there are employees in Sales submitting excessive travel expenses or the company is not leveraging its ability to negotiate competitive pricing for inventory. Whatever it may be, controllers do have a good sense where value is being created and destroyed within an organization.

### **#4 How frequently do we have to reissue a payroll or AP check and/or correct an invoice?**

These nonvalue-add activities sap resources and reflect poorly on business processes used throughout the organization. Excessive errors, such as these, can be indicative of larger business issues that need to be addressed. Start

tracking these errors and stamp out the root causes.

### **#5 Can you describe how dimensional data is used to record accounting transactions to support our business strategy?**

Not having a strategy is not the controller's fault, but if you have a strategy then the accounting system should generate metrics to support it. Regardless as to whether you are using SAP or QuickBooks, there are many ways to code transactions and produce metrics that are aligned with strategy. If you are not doing so already, figure out how to use your accounting system more fully.

### **#6 How are you monitoring our DSO, DIOH and DPO trends, and what are those metrics telling you about our cash management?**

Cash is king and how your business performs on these three metrics will make you a prince or a pauper. The metrics are Days Sales Outstanding, Days Inventory On Hand and Days Payable Outstanding. The net of the three equals your cash cycle. If your controller is not already tracking these metrics, then that person needs to immediately learn how.

Profitwyse provides the expertise needed to overcome these issues and will transform your accounting function into a value adding asset. Contact us today to learn more about our 3D Financial Analysis process to get your business on the right track.



### **Chase Morrison**

I provide CFO services to manufacturing and distribution companies with revenues ranging from \$5M to \$40M in revenue, with a focus on helping clients better utilize their ERP/accounting systems to overcome barriers to growth and profitability.

[Chase.Morrison@Profitwyse.com](mailto:Chase.Morrison@Profitwyse.com)  
or call 747.224.1297

[WWW.PROFITWYSE.COM](http://WWW.PROFITWYSE.COM)

# ALTERNATIVE FINANCING



**Kristy  
Melton**

Business Finance Broker

Heritage Commercial Funding Corp.  
[kmelton@heritagecommercialfunding.com](mailto:kmelton@heritagecommercialfunding.com)  
[www.heritagecommercialfunding.com](http://www.heritagecommercialfunding.com)  
805-231-0562

## THE FED DROPPED INTEREST RATES AGAIN

In light of what is happening around the world and to our economy, the Federal Reserve just lowered the benchmark interest rate again-this time by a full percentage point. This brings the current Prime Rate down from 4.25% to 3.25%.

### SBA LOANS ARE TIED TO THE PRIME RATE.

Interest rate for the SBA 7a loans are the daily prime rate plus a lender spread. The SBA guarantees a large portion of the loans to the lenders. This guarantee reduces the risk for the lenders so small businesses can get easier access to capital.

Lenders in our network are offering SBA loans as small as \$30,000 up to \$5 million at rates as low as 4.75%.

The 7a loan is SBA's most popular product and offers a flexible sum of cash for a variety of uses:

- Real Estate Purchase
- Business Acquisition
- Debt Refi
- Furniture, Fixtures, Equipment
- Working Capital/Inventory

In order to qualify you will need:

- Minimum FICO 650
- No BK's in past 3 years or open tax liens
- Typically, 2 years in business
- Profitability
- Ability to repay the loan with business earnings
- Full Financial Package Submitted

There are differences in how banks underwrite SBA loans. Each bank has a different credit culture and specialty. It's important to know where you have your best shot for an approval. For example, some banks won't do

any projection-based loans. Others won't consider a file with a past bankruptcy. Some banks have certain deposit requirements. They may require you to move your banking relationship if you they approve your loan request. Others are more transactional and are OK just offering you the loan. This is the value of working with a broker. You can talk about what's most important to you and determine what obstacles your business may face during underwriting. A broker is not tied to any one lender and can help direct you to a lender that does a lot of work in your industry, with companies of your size who have similar credit profiles.

In this market, lenders are going to be more selective about who gets approved. Everyone is uneasy. They will want to see month to date bank statements and recent declines in deposits due to coronavirus will need to be explained or mitigated. However, lenders still want to do deals when they can. Let us know if you need funding and we will help connect with the right funding source.

You may have heard about the SBA disaster loan. Clients need to go directly to the SBA for this specific funding. Here's a helpful website: <https://www.sba.gov/page/guidance-businesses-employers-plan-respond-coronavirus-disease-2019-covid-19>.

Key points:

1. Disaster relief is now nationwide, not by county.
2. Long term loans can be obtained up to a 30-year term and rates are at 3.75%. Loans may take 60-90 days to fund.
3. The DEADLINE to apply for Economic Disaster Loans is 12/16/20. Apply ASAP as funds will run out. They are giving priority to businesses most affected by this pandemic.



# SALES MANAGEMENT

## TOP 6 THINGS TO KEEP YOUR SALES MOVING FORWARD DURING A TIME OF CRISIS – COVID-19

It all starts with leveraging the technology available to us – companies that do so are very likely to stay ahead of their competitors, serve their customers well, and strengthen their sales team.

### 1. Change face-to-face meetings to video/webinar calls.

- Do you have access to video conferencing technology?
  - ✧ If you don't already have a provider, sign up now.
- Here is a list of popular video conference/webinar providers that offer free trials:
  - ✧ Go to Meeting
  - ✧ Zoom
  - ✧ Blue Jeans
- Here are some tips for communicating via video or teleconference:
  - ✧ If the group is over five people, mute everyone to avoid background noise
  - ✧ Use the video camera on your computer to create a more personal experience.
- Make sure there is proper lighting so you are visible.
  - ✧ Use a professional environment (what is seen behind you) and dress responsibly
  - ✧ Have everyone test their microphones before the call begins.
  - ✧ Ask participants to introduce themselves before speaking
  - ✧ Increase engagement by looking into the camera when talking
  - ✧ Provide an agenda to reference throughout the call to keep on track.

### 2. Utilize an internet-based CRM.

- Does your team have easy remote access to the information stored in your Customer Relationship Management system?
  - ✧ Although it may be challenging to quickly change from your serv-

er-based CRM to an internet-based CRM, remote work is much easier when everyone has access to the same information in real-time.

- ✧ If you don't have the proper CRM for this crisis, make sure you resolve this issue for the future.

- At times like this, it is also more important than ever to have your sales team keep their information up-to-date in your CRM. It may be weeks or months until you can stop down the hall and easily ask questions.

### 3. Provide secure access to all content your team needs to support their sales process.

- Does your team have easy remote access to the data they need to continue to manage their sales process? Do they have secure access into the tools that they need to continue to be productive?
  - ✧ If your team will struggle gaining access to key information, consider implementing a Virtual Private Network (VPN) to create a more secure connection to your company's network.
  - ✧ There are also some easy cloud content management alternatives that can be implemented quickly. Examples include:
    1. Box.com
    2. DocuShare
    3. Google shared docs

### 4. Make sure your team has adequate online access.

- It is likely that most of your team has fast and reliable internet service, but don't assume they do. Quickly survey your team to understand their ability to work remotely efficiently.
- It may be necessary to invest in mobile hot spots and associated data plans, as well as providing reimbursement to establish home internet



### Paul Mitchell

**Mitchell Sales Advisors, LLC**

President of Mitchel Sales Advisors, powered by SalesXceleration. A firm specializing in sales strategy, sales process and sales execution. Paul has a 25-year history of sales leadership and success in diverse industries in the Los Angeles area.

[pmitchell@salesxceleraion.com](mailto:pmitchell@salesxceleraion.com)

310-946-9287

[www.salesxceleration.com](http://www.salesxceleration.com)

access plans or upgrades to existing access.

### 5. Reaffirm or create a remote work policy.

- Prepare quick start guides to help minimize the learning curve of any needed tools or technologies.
- Create "power users" to support less-experienced remote workers. Have these power users available for calls to share techniques and for trouble-shooting.

### 6. Use technology to connect with existing and prospective customers.

- With less travel and face-to-face meetings, more people will have time to answer their phones or respond to emails. Take this opportunity to gather information or conduct demo appointments.
- Be innovative and find ways to talk to your clients. Send out surveys and get feedback on their business needs. Sign up for a survey tool like:
  - ✧ Survey Monkey
  - ✧ Formstack
- Use this time to be innovative and create new strategies, presentations, newsletters, and other sales tools to support your customers' needs.



## HOW DISC HELPED 30 PROFESSIONALS BECOME BETTER NETWORKERS

Several years ago I was asked if I would conduct a communications assessment for a chapter of a networking group. The group had been together for a few years, and was operating well, but there had been some turnover, people leaving and joining, and so it was an appropriate time to take measure of everyone and see how they communicated with one another.

The group was a mix of varying professions; attorneys, CPAs, bankers, insurance agents, financial advisors and consultants with many different specialties. Participation was encouraged but voluntary. Those that had taken the assessment were encouraged to print out a copy of their report as I would review it with everyone, page by page.

If you've ever taken a DISC assessment, there are unusually spot on; meaning, eerily accurate.

While everyone was naturally interested in what the report said about them, I was more interested in helping the group to communicate better with each other with the express purpose of better understanding so that more business could be referred back and forth.

I explained the signals a person makes can help others to identify their preferred style of communications; how each person can contribute to the team, which is what a networking group actually is, and some cautions about how people may react under stress.

How did it work out for the networking group? It took them to new levels of openness, of trust, of getting to know the others in the group to a deeper level of intimacy. The end result: more referrals and more business.

---

Whether you run a networking group, a non-profit, a Board of Directors, a baseball team or a company with one or ten thousand employees, using DISC simply makes good business sense.

If you're ready to improve how your people communicate, please call me and let's discuss what cost effective assessment would work best for your situation.



## **A Laser Beam-Focused Workshop to Uncover Obstacles to Growth**

### **10 Reasons to Get an X-Ray for Your Company Today**

**ONE:** Walk away with a winning short-term and long-term view of your company's strengths and weaknesses and turn them into action steps.

**TWO:** Target what and where your key issues are: People, Process or Profit and gain insight on how to address them in order of priority.

**THREE:** Get your company focused on the right path to improving performance.

**FOUR:** Remove the hidden barriers that are causing performance to slump, people to disengage and profits to dwindle.

**FIVE:** Lock onto your five greatest challenges and take them on one by one until performance begins to improve.

**SIX:** Uncover the Rules of the Road for your stage of growth. Take a hard look at how well you have completed each Rule for your stage of growth. Based on our research not getting these done at the right time is a huge 'performance drainer' for all companies.

**SEVEN:** Learn the secret behind your builder / protector ratio (this is your 'confidence / caution quotient'). Find out why your employees are so uncomfortable with change. Figure out how to create an atmosphere of confidence with just the right amount of caution.

**EIGHT:** Create a "language of growth" that will resonate with every single employee, helping them to understand how they impact a company's profitability.

**NINE:** Learn how to maximize your company's ability to stay focused on the right things at the right time.

**TEN:** Determine if you are "running ahead of your headlights" and what that means to your business performance in the next 6 to 12 months.

**For a free consultation on this workshop, please contact Ken Keller.  
[Ken.Keller@StrategicAdvisoryBoards.com](mailto:Ken.Keller@StrategicAdvisoryBoards.com) or call 661.645.7086**

# Zeroing in on Your Company's Profit Zone™

## Identifying how every person on your payroll impacts your bottom line.

**Myth #1:** Employees have little interest in how their company makes money.

**Myth #2:** The concept of profitability can't be taught to employees who don't understand a financial statement.

**Myth #3:** If employees knew how much money a company made they would demand more money.

This program is designed to:

- ✓ Explode these three myths and many more.
- ✓ Improve your bottom line.
- ✓ Help each employee understand the value they bring to an enterprise.
- ✓ Educate each employee as to how they impact profitability of your company.

## What is Your Profit Zone?

The Profit Zone is the relentless, precise and intense staff mindset to make and keep money for your company. Your Profit Zone is responsible for maintaining and improving:

- ✓ Revenue generation
- ✓ Strategic and tactical focus of the company
- ✓ Gross and net profit margins
- ✓ Cash flow
- ✓ Cost structure
- ✓ Customer satisfaction
- ✓ Staff voltage
- ✓ Product/service quality
- ✓ Company innovation

Less than 10 percent of most company's staff understands how a company makes and keeps money. Employees choose to be employees and not entrepreneurs because they want the certainty of a paycheck. Ironically, most employees don't understand their direct role in making sure those paychecks happen. They just assume the boss will make sure there is enough money to pay them. The staff is rarely connected to the reality of how they directly affect the company's ability to make payroll.



The goal is to bubble up the growth of an enterprise. In order to make this a reality and not just theory, there must be real work involved in educating the staff and building this knowledge into the DNA of the company.

How strong or weak a company's Profit Zone is, determines the health of the enterprise. When a company is sloppy or ineffective with any of the Profit Zone activities, it makes and keeps less profit.

If it underperforms on too many of these items, it goes out of business. The Profit Zone is the Strike Zone, the profit sweet spot so necessary that the company's very survival and success depends upon it. When every employee knows how his or her job responsibilities directly impact the Profit Zone, you are another step closer to bubble up growth.

## What are the Company's Profit Sequences?

The Profit Sequences are the three-step combinations that result in profitability. Any activity an employee or staff member is involved in should not be any more than three zones away from the Profit Zone. It is a way for the entire staff to 'mind the generation of profit' is in the business.

**Zone 3:** the employee's activity supports the processes of maintaining and improving one or more of the nine activities of the Profit Zone.

**Zone 2:** the employee's activity supports the people who are maintaining and improving one or more of the nine activities of the Profit Zone.

**Zone 1:** the employee is actually the person who is making it happen. They are directly maintaining and improving one or more of the nine activities of the Profit Zone.

If you would like to learn more about how your company can be more profitable and how you can get your employees engaged in making money for your business, please contact:

Ken Keller

[Ken.Keller@StrategicAdvisoryBoards.com](mailto:Ken.Keller@StrategicAdvisoryBoards.com)

Telephone: 661.645.7086